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Attorneys for Intervenor IBEW Local 1116

Arizona Corporation Commission

DOCKETED

JUN 17 2009

BEFORE THE ARIZONA

CORPORATION COMMISSION

DOCKETED BY

IN THE MATTER OF THE
APPLICATION OF UNS GAS,
INC. FOR THE ESTABLISHMENT
OF JUST AND REASONABLE
RATES AND CHARGES DESIGNED
TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR
VALUE OF THE PROPERTIES OF
UNS GAS, INC. DEVOTED TO
ITS OPERATIONS THROUGHOUT
THE STATE OF ARIZONA.

Docket No. G-04204A-08-0571

NOTICE OF ERRATUM

NOTICE IS HEREBY GIVEN that on Monday, June 8, 2009,
Local Union 1116, International Brotherhood of Electrical
Workers, AFL-CIO, CLC, by and through undersigned counsel,
mistakenly filed the attached Direct Testimony of Frank
Grijalva using the incorrect docket number. In particular,
undersigned counsel used the docket number for the
application filed by UNS Gas, Inc. on February 21, 2008
which, in turn, was administratively closed by the
Commission on February 5, 2009.


DOCKET CONTROL
AZ CORP COMMISSION

2009 JUN 17 P 4: 20

RECEIVED

1 RESPECTFULLY SUBMITTED this 17th day of June 2009.

2 LUBIN & ENOCH, P.C.

3 
4 _____
5 Nicholas J. Enoch, Esq.
6 Attorney for Intervenor
7

8 Original and thirteen (13) copies
9 of IBEW Local 1116's Notice filed
10 this 17th day of June, 2009, with:

11 Arizona Corporation Commission
12 Docket Control Center
13 1200 West Washington Street
14 Phoenix, Arizona 85007-2996

15 Copies of the foregoing
16 transmitted electronically
17 this same date to:

18 Dwight D. Nodes, Assistant Chief ALJ
19 Hearing Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

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1 Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A1. Frank Grijalva. My business address is 750 South Tucson
3 Boulevard, Tucson, Arizona 85716-5689.

4 Q2. PLEASE DESCRIBE YOUR RECENT EMPLOYMENT.

5 A2. I am the Business Manager/Financial Secretary for Intervenor
6 Local Union 1116, International Brotherhood of Electrical
7 Workers, AFL-CIO, CLC ("IBEW Local 1116"). The position of
8 Business Manager/Financial Secretary is an elected union
9 position and, due to the retirement of my predecessor, I was
10 appointed by our Executive Board to my present position in
11 October 2007. Because all IBEW local unions also have a
12 person holding the position of "President," it is common for
13 persons outside of our organization to believe that the
14 "President" is the principal officer of the Local. That is
15 not the case. Article 17, §§ 4 and 8 of the Constitution of
16 the International Brotherhood of Electrical Workers, AFL-
17 CIO, clearly states that the Business Manager/Financial
18 Secretary is the "principal officer" of any IBEW local
19 union.

20
21 Prior to my becoming Business Manager/Financial
22 Secretary for IBEW Local 1116, I was employed by the
23 Tucson Electric Power Company ("TEP") for twenty-two
24 (22) years in a variety of bargaining unit positions,
25 the last of which was as a Designer for Transmission
26 and Distribution Construction. While employed at TEP,
27 I was a very active member of IBEW Local 1116,
28 including previously serving as the Local's President

1 and in other positions on the Executive Board.

2 **Q3. WHAT IS IBEW LOCAL 1116?**

3 A3. IBEW Local 1116 is the labor organization which serves as
4 the exclusive representative for, *inter alia*, approximately
5 one-hundred and ten (110) employees of UNS Gas. In
6 particular, IBEW Local 1116 represents all of the UNS Gas
7 employees holding the following positions:

- 8 • Construction and Maintenance Crewman,
- 9 • Customer Service Representative (I & II),
- 10 • Dispatcher,
- 11 • Material Control Technician,
- 12 • Meter Reader,
- 13 • Planner,
- 14 • Service Technician, and
- 15 • Utilityperson.

16 IBEW Local 1116 and UNS Gas have entered two collective
17 bargaining agreements dating back to June of 2004 concerning
18 rates of pay, wages, hours of employment, and other terms
19 and conditions of employment.

20
21 In addition to representing the aforementioned employees at
22 UNS Gas, IBEW Local 1116 also represents hundreds of
23 employees at TEP [a UniSource Energy Corporation
24 ("UniSource") company], Southwest Energy Solutions (also a
25 UniSource company), Trico Electric Cooperative, Inc.
26 ("Trico") and Asplundh Tree Expert Company. To learn more
27 about IBEW Local 1116, I invite you to visit our website at
28 www.ibew1116.com.

1 Q4. HAVE YOU TESTIFIED IN OTHER MATTERS BEFORE THE ARIZONA
2 CORPORATION COMMISSION?

3 A4. Yes. On behalf of IBEW Local 1116, I testified in support
4 of the 2008 TEP settlement agreement. See generally 2008
5 Ariz. PUC LEXIS 201. Just last month, I testified in
6 support of Trico's pending rate application, Docket No. E-
7 01461A-08-0430. As my union firmly believes that our
8 success is inextricably linked to the success of our
9 represented companies, we are always willing to voice our
10 public support for them when it is justified, like in this
11 case, and when it is in our mutually-beneficial interest to
12 do so.

13 Q5. DO YOU BELIEVE UNS GAS IS A RESPONSIBLE CORPORATE CITIZEN?

14 A5. Absolutely. While by no means perfect, the relationship
15 between IBEW Local 1116 and TEP is one which is mature and
16 stable. It is clear that this stability has benefitted UNS
17 Gas, its employees, and customers. In my opinion, the
18 importance of the strong and stable relationship between a
19 public service corporation and its employees cannot be
20 overstated. I believe that my opinion in this regard is
21 widely shared.

22 Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

23 A6. As you know, Article XV, §3 of the Arizona Constitution
24 expressly states that the interests of public service
25 employees are on par with those of patrons. It reads as
26 follows:

27 The corporation commission shall have full
28 power to, and shall ... make reasonable

1 rules, regulations, and orders, by which such
2 [public service] corporations shall be
3 governed in the transaction of business
4 within the State, and ... make and enforce
5 reasonable rules, regulations, and orders for
6 the convenience, comfort, and safety, and the
7 preservation of the health, of the *employees*
8 and patrons of such corporations[.]
9

10 On behalf of its own members, as well as thousands patrons
11 of UNS Gas, IBEW Local 1116 believes this proceeding
12 provides it with a unique and timely opportunity to express
13 to this Commission our qualified support of UNS Gas's
14 Application and our reasons for doing so.

15 Q7. DO YOU BELIEVE THAT UNS GAS IS ENTITLED TO AN INCREASE ITS
16 RATES EFFECTIVE NO LATER THAN DECEMBER 1, 2009?

17 A7. Yes.

18 Q8. PLEASE EXPLAIN WHAT YOU MEAN BY "THE INCOME TRANSFER
19 FUNCTION OF RATEMAKING."

20 A8. At the most generalized level, ratemaking distributes wealth
21 from consumers to utility owners. Thus, one function of
22 ratemaking is to affect the amount of money that is
23 transferred from ratepayers to the shareholders that own the
24 utility. In other words, ratemaking is not only a form of
25 price control, it is also a form of profit control. I will
26 refer to this dynamic as the "the income transfer function
27 of ratemaking."

28 Q9. WHAT DO YOU BELIEVE OUGHT TO BE DONE WITH UNS GAS'S PAYROLL

1 EXPENSE ADJUSTMENT AND PAYROLL TAX EXPENSE ADJUSTMENT?

2 A9. On page 19, lines 20-25, of Dallas Dukes' Direct Testimony,
3 a reference is made to an "estimated pay rate increase that
4 will go into effect January 1, 2010" and that "[t]he pay
5 rate increase as of January 1, 2010, will be known prior to
6 the close of the record in this proceeding and prior to
7 rates going into effect based on a decision in this
8 proceeding." Because UNS Gas and IBEW Local 1116 just
9 recently concluded their contract negotiations regarding,
10 *inter alia*, the year 2010, this should assist the Company in
11 making any adjustments that may need to be made to the
12 Payroll Expense and Payrolls Tax Expense adjustments. In
13 particular, if the contractually agreed-upon pay increase is
14 greater than the estimate set forth in the Application, then
15 Gas ought to seek, and IBEW Local 1116 would fully support,
16 a corresponding increase to the Payroll Expense and Payroll
17 Tax Expense adjustments.

18
19 I know that Dallas Dukes believes that "the rate can be
20 updated if its varies *significantly* from the estimate" but,
21 in my opinion, it ought to be updated irrespective of the
22 size of the discrepancy. Otherwise, public service
23 corporations, like UNS Gas, would not be allowed to
24 recuperate their actual increases in the cost of doing
25 business.

26 Q10. DO YOU BELIEVE THAT UNS GAS OUGHT TO RECOVER A GREATER SHARE
27 OF ITS FIXED COSTS THROUGH A HIGHER FIXED MONTHLY SERVICE
28 CHARGE?

1 A10. Yes.

2 Q11. DOES THIS CONCLUDE YOUR TESTIMONY?

3 A11. Yes.

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